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[REDACTED]

July 21, 1986

BY HAND

Wayne E. Kaplan, Esq.  
Premerger Notification Office  
Bureau of Competition  
Federal Trade Commission  
Room 315  
6th Street & Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

This material may be subject to  
the provisions of the Freedom of  
Information Act

Dear Mr. Kaplan:

The purpose of this letter is to describe a proposed acquisition of accounts receivable by [REDACTED] from [REDACTED] and to request confirmation from your office that such acquisition will not be subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("H-S-R Act"). The parties presently intend to close the transaction described herein on or about August 1, 1986.

The above-referenced transaction is made in connection with the formation of a joint venture partnership that will combine the [REDACTED] businesses of [REDACTED]. Although the formation of the joint venture partnership is not reportable under the H-S-R Act, [REDACTED] voluntarily disclosed the transaction to the Federal Trade Commission and the Department of Justice. The transaction has been fully investigated by the Department of Justice and on June 17, 1986, the parties each received a letter from the Department of Justice indicating that their respective documentary submissions were being returned.

In connection with formation of the joint venture partnership, [REDACTED] will acquire for \$26 million in cash certain accounts receivable from [REDACTED]. The accounts receivable will thereafter be transferred to the joint venture partnership. The purpose of [REDACTED] acquisition of the accounts receivable and subsequent transfer thereof to the joint venture partnership is to partially equalize the amount of assets being contributed by each party to the joint venture partnership.

As we discussed during several telephone conversations last week, we understand that [REDACTED] proposed acquisition

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of accounts receivable from [REDACTED] is not a reportable transaction under the H-S-R Act. In the ordinary course of business, [REDACTED] purchases accounts receivable from its distributors. The dollar value of such accounts receivable owned by [REDACTED] has averaged approximately two million dollars per month. In addition, in acquiring the accounts receivable described above from [REDACTED] will not hold all or substantially all of the assets of [REDACTED] or an operating division thereof. (See 16 C.F.R. § 802.1(b).) Accordingly, [REDACTED] acquisition of accounts receivable from [REDACTED] is exempt under § 7A(c)(1) of the H-S-R Act as an acquisition of goods in the ordinary course of business. (15 U.S.C. § 18a(c)(1).)

We understand that it is the practice of your office orally to advise parties concerning the applicability of the H-S-R Act to proposed transactions. I would appreciate your calling me to confirm that our understanding of the application of the H-S-R Act to the acquisition of accounts receivable described above is correct. As we discussed on Friday, inasmuch as the parties intend to close the transaction on or about August 1, I would very much appreciate your calling me today if at all possible.

Thanks you for your assistance in this matter.

Sincerely,  
[REDACTED]

*Limited to the specific facts of this matter the above is correct.*

*Wayne Kaplan 7/21/86*